GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4598
ANSWERED ON:23.12.2005
INTEREST CHARGED BY RURAL BANKS
Singh Shri Chandra Bhushan

Will the Minister of FINANCE be pleased to state:

(a) whether due to heavy interest charged by the Gramin Banks, the desired growth could not be achieved in rural areas especially on Cash Credit Limits ;

(b) whether the Gramin Banks charge interest on Cash Credit Limit much higher than the nationalized Banks ;

(c) whether the Reserve Bank of India had asked Gramin Banks to reduce interest rate on Cash Credit Limit to achieve growth; and

(d) if so, the details thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b): The information is being collected and will be laid on the Table of the House to the extent available.

(c) and (d): Reserve Bank of India has reported that it has not advised Regional Rural Banks to reduce interest rate on Cash Credit Limit.